

RELATIONSHIPS WITH AFFILIATES AND HOLDING COMPANIES

SUPPLEMENTAL PAGE 8

GENERAL

Include this schedule, when needed, to support core page comments.

Financial Statements - While examiners may obtain financial statements of the holding company (consolidated and parent-only), affiliates, and consolidated and unconsolidated subsidiaries for financial analysis purposes, include the statements in the Report only when necessary to support comments.

Service Corporations and Premises Subsidiaries - Affiliated service corporations and affiliates holding title to premises or other real estate for the institution's benefit should not be included here.

Workpaper - A workpaper titled "Relationships with Bank Holding Companies, Holding Companies, and Affiliates" is available to facilitate the review of the effect and influence of holding companies or affiliates on the institution.

HOLDING COMPANY RATIOS AND TRENDS

Ratios are included to facilitate holding company financial analysis. All ratios, except "This Institution's Assets to Consolidated Holding Company Assets", are available in the Federal Reserve Bank Holding Company Performance Reports (BHCPR). Calculate the above ratio from information in Call Reports and the BHCPR. Including additional BHCPR ratios is encouraged when these ratios contribute to financial analysis or comments.

Refer to the Bank Holding Companies subsection of the Liquidity and Funds Management Section of the Manual for a detailed discussion of holding company financial ratios.

Note: The type and availability of BHCPRs depends upon the size of a holding company's consolidated assets. No BHCPR is available for companies with assets below \$50 million. Only an annual BHCPR with the parent company section is available for companies with assets between \$50 and \$100. Annual BHCPRs are available for companies with assets between \$100 and \$300 million. Semi-annual BHCPRs are available for companies with assets over \$300 million.

EXTENSIONS OF CREDIT TO AFFILIATED ORGANIZATIONS SCHEDULE

Extensions of credit to, and securities issued by, affiliated organizations, when those organizations are considered to be related interests of insiders, should be included both here and on the Extensions of Credit to Directors, Officers, Principal Shareholders, and Their Related Interests page.

Extensions of credit to insiders which are collateralized by securities issued by affiliated organizations should be included (as well as on the Extensions of credit to Directors, Officers, Principal Shareholders and Their Related Interests page) since these extensions are subject to the provisions of Section 18(j) of the Federal Deposit Insurance Act and Section 23A of the Federal Reserve Act with regard to determining possible violations of extensions of credit to affiliated organizations.

Note: Indirect extensions of credit would include borrowings guaranteed by an affiliate.

RELATIONSHIPS WITH AFFILIATES AND HOLDING COMPANIES
SUPPLEMENTAL PAGE 8 (continued)

COMMENTS

Holding Company - Fully describe holding company relationships here. Generally include the following information:

- o Name
- o Location
- o Period of existence
- o Number of shares of the institution's stock owned or controlled by the company, by each subsidiary of the company, and by trustees for the benefit of stockholders or members of the company

Also include a description of holding company trends and their potential effect on the institution. Consider the amount and terms of outstanding debt, lender or Federal Reserve System imposed restrictions or covenants, and the dividend payout record. When adverse trends or conditions exist, they should be fully discussed on appropriate core pages.

When payments from an institution to its holding company are large and not justified on the basis of services received by the institution, comment here in detail and summarize on appropriate core pages.

Affiliates/Subsidiaries - Fully describe affiliate relationships in the comments section. The following information should be included:

- o Name
- o Location
- o Asset size
- o Net income
- o Nature of affiliation
- o Period of existence
- o Circumstances under which the affiliation arose
- o Primary activities (business) of the affiliate

Include officers or directors when relevant. Additionally, include details regarding the amount and terms of any extensions of credit by the institution to affiliates. This information is important since the provisions of Section 18(j) of the Federal Deposit Insurance Act and Section 23A of the Federal Reserve Act apply insofar as determining possible violations of extensions of credit to affiliated organizations. Comments should be brief pertaining to each extension of credit, cash item, overdraft, and nonledger asset.

Nonbank Banks - Note when the institution under examination is a grandfathered "nonbank bank." List violations of the Competitive Equality Banking Act of 1987 (CEBA) on the Violations of Laws and Regulations page and summarize the violations in a memorandum to the Regional Office. In such cases, include appropriate information on the parent company.

References:

- Related Organizations Section of the Manual
- User's Guide for the Bank Holding Company Performance Report
- Section 18(j) of the FDI Act
- Section 23A of the Federal Reserve Act

EXTENSIONS OF CREDIT TO DIRECTORS, OFFICERS, PRINCIPAL SHAREHOLDERS, AND THEIR RELATED INTERESTS

SUPPLEMENTAL PAGE 8

WHEN TO INCLUDE

Include this schedule when extensions of credit to directors, executive officers, principal shareholders, and their related interests are subject to comment for reason of overall volume, credit quality, or preferential treatment.

GENERAL

Cross-reference here and on the appropriate report pages extensions of credit subject to adverse classification, violation, or comment.

List the current balances of indebtedness in the total column. When charged-off items exist, so footnote in the comment section.

If a director or principal shareholder is also an executive officer, include that person as an executive officer. (Executive officers are subject to the more stringent restrictions of Regulation O.)

DEFINITION OF TERMS

Regulation O definitions of "extension of credit," "unimpaired capital and surplus," "director," "executive officer," "principal shareholder," and "related interest" govern the schedule's preparation.

LISTING OF INSIDER EXTENSIONS OF CREDIT AND COMMENTS

List insiders alphabetically by description: Group A (Executive Officers and their related interests), and Group B (Directors and Principal Shareholders and their related interests). Comments, if any, should be brief regarding insider extensions of credit. Generally, no description of the indebtedness or collateral is necessary. However, note overdrafts, cash items, or nonledger assets.

Per Regulation O, directors, executive officers, and principal shareholders of the holding company are considered to be directors, executive officers, and principal shareholders, respectively, of the institution. Such individuals are considered to be directors, officers, and employees of the subsidiary institution for the prior approval, terms, creditworthiness, and lending limit provisions of Regulation O. Generally, list these individuals and include them when appropriate.

In unusual circumstances, examiners may wish to obtain information regarding extensions of credit to nonexecutive officers and other employees. Should such employees be listed, do not include their indebtedness in the table at the top of the schedule.

DUPLICATIONS WITH EXTENSIONS OF CREDIT TO AFFILIATES

Include extensions of credit to and securities issued by affiliated organizations, when those organizations are considered to be related interests of insiders both here and on the "Extensions of Credit to Affiliated Organizations" schedule of the Relationships with Affiliates and Holding Companies page.

References: Federal Reserve Board Regulation O
Part 337.3 of the FDIC Rules and Regulations
Related Organizations Section of the Manual.

INTERNAL ROUTINE AND CONTROLS - SUPPLEMENTAL PAGE 8

WHEN TO INCLUDE

Include this schedule, when needed, to support core page comments. If internal routine and control deficiencies are insignificant, weakness may be summarized and included on the Administration, Supervision, and Control page (Item #5).

GENERAL

Comments/deficiencies should be listed in order of importance and should pertain only to internal routine and control matters. For example, it is not appropriate to include Call Report errors here.

List comments and deficiencies pertaining only to internal routine and control matters in order of importance. Including Call Report error here is inappropriate.

Precede each comment with a descriptive heading (for example, Dual Control of Negotiable Collateral).

Generally, obtain management's commitment to correct all deficiencies. Note such commitments or lack thereof.

INTERNAL AND EXTERNAL AUDIT EXCEPTIONS

Deficiencies included in reports prepared by the internal and external auditors may be included here, noting the source. Also detail management responses or lack thereof.

WORKPAPER

A workpaper, "Internal Routine and Controls," is provided to facilitate review of the internal control system.

Note: The FDIC's goal regarding an institution's vacation policy is that officers and employees be absent from their duties for an uninterrupted period of not less than two consecutive weeks. This policy may be achieved through vacations, rotation of duties, or other compensating controls. Normally, do not criticize institutions solely because they do not require employees to take two consecutive weeks of vacation.

Reference: Internal Routine and Controls Section of the Manual